



National  
Foreign  
Assessment  
Center

Approved For Release 2002/01/03 : CIA-RDP80T00942A001100110001-0

Secret  
NOFORN-NOCONTR-CT-  
ORCON

# Nepal: Turmoil in the Himalayas (U)

## An Intelligence Assessment

*Research for this report was completed  
on 20 June 1979.*

The author of this paper is [REDACTED]  
Near East and South Asia Division, Office of Political  
Analysis. Comments and queries are welcome and  
should be directed to [REDACTED] (U)

25X1A

This paper has been coordinated with the National  
Intelligence Officer for Near East and South Asia,  
the Directorate of Operations, and the Office of  
Central Reference. Additional informal review was  
received from the Office of Scientific Intelligence and  
the Department of State. (U)

Secret

PA 79-10258

Approved For Release 2002/01/03 : CIA-RDP80T00942A001100110001-0



# Nepal: Turmoil in the Himalayas

## An Intelligence Assessment

Secret

Page 9  
June 19

**Warning Notice** Intelligence Sources  
and Methods Involved  
(WNINTEL)

**National Security  
Information** Unauthorized Disclosure  
Subject to Criminal Sanctions

Dissemination Control Abbreviations	NOFORN (NF)	Not Releasable to Foreign Nationals
	NOCONTRACT (NC)	Not Releasable to Contractors or Contractor/Consultants
	PROPIN (PP)	Caution—Proprietary Information Involved
	NFIBONLY (NO)	NFIB Departments Only
	ORCON (OC)	Dissemination and Extraction of Information Controlled by Originator
	REL...	This Information Has Been Authorized for Release to...
	FGI	Foreign Government Information
	A microfiche copy of this document is available from OCR/DSB [REDACTED] printed copies from PPG/RDB [REDACTED]	Derivative classification by 025270 Review 30 years from date Derived from multiple
	Regular receipt of NFAC reports in either microfiche or printed form can also be arranged through PPG/RDB.	

All material on this page  
is unclassified.

**Nepal:**  
**Turmoil in the Himalayas (U)**

**Key Judgments**

The violence that has shaken the Hindu Kingdom of Nepal for the last two months is an explosive manifestation of the social, political, and economic frustrations that have been accumulating for nearly two decades. These frustrations, coupled with an apparent shift in government policy in late 1978 and early 1979 toward greater repression of Nepal's banned political parties, gave impetus to the efforts of some students and politicians to coordinate the country's disparate political forces into one mass movement. The opposition is composed of a variety of political factions that only rarely cooperate. It has no single leader, but B. P. Koirala, the aging and ailing leader of the banned Nepali Congress Party, has been a central figure in the recent unrest. Koirala is a political moderate who has long advocated a reconciliation that would retain the monarchy but transfer the King's powers, by stages, to a democratically elected government. Other, more radical factions of the opposition seek to end the monarchy. (C)

Young King Birendra, hoping to restore stability and perhaps give the impression that the monarchy is above politics and government, has announced several major concessions to his opponents. Hardliners in the palace and government, whose influence would be lessened by any change in the present government system, see Birendra's concessions to the demonstrators as a sign of weakness. If sufficiently threatened, they could attempt—perhaps with the assistance of conservative army officers—a palace coup to install Birendra's [REDACTED] younger brother, Prince Gyanendra. Faced with actual or potential threats to his position from opponents within and without the palace, Birendra must steer a difficult course between compromise and firmness. His most dangerous tack, however, would be one that portrayed indecisiveness. (S)

Continued instability in Nepal will cause concern in Nepal's giant neighbors, but the situation would have serious international ramifications only if India and China intervened. (S)

25X6

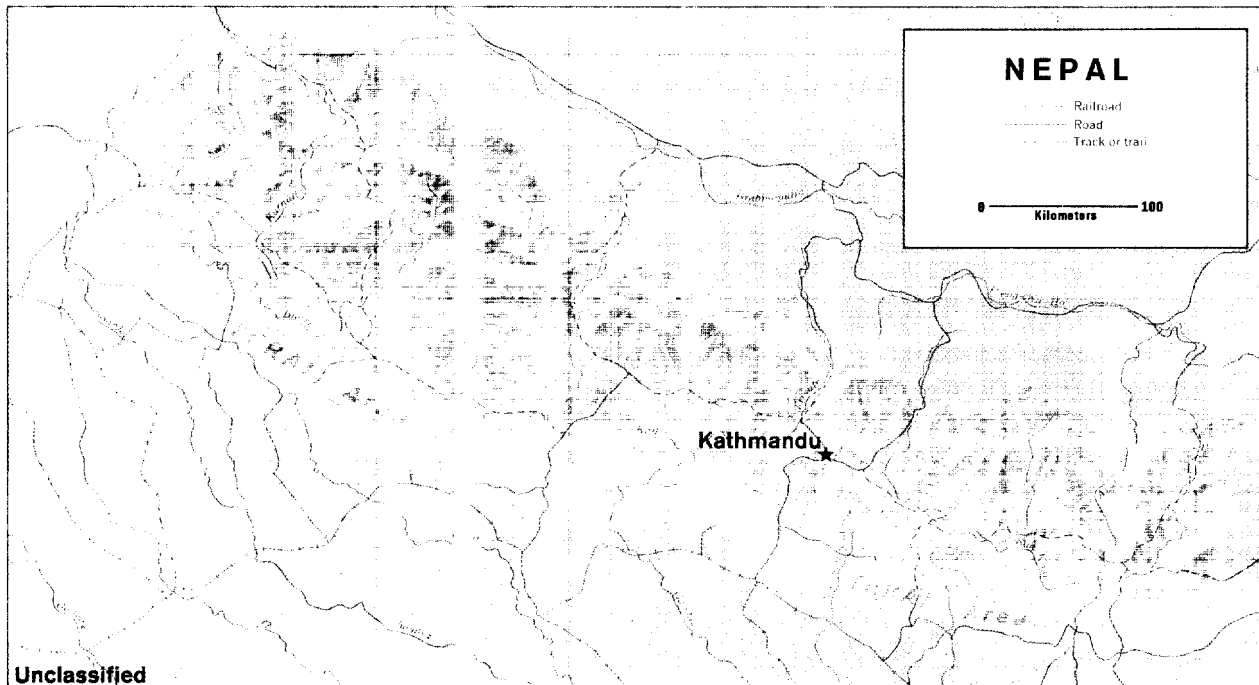
## Contents

	Page
Key Judgments	iii
The Setting	
The King and the Palace Guard	1
The Politicians and the Parties	5
Recent Events	9
The Outcome	13
Iran in Miniature?	17
The Outlook	21

**Secret**

**NOFORN-NOCONTRACT-  
ORCON**

**Approved For Release 2002/01/03 : CIA-RDP80T00942A001100110001-0**



**Secret**

vi

**Approved For Release 2002/01/03 : CIA-RDP80T00942A001100110001-0**

## Nepal: Turmoil in the Himalayas (U)

### *The Setting*

Nepal is a social, economic, and political anachronism, dominated by its feudal past. This nation of 13 million people is a mosaic of racial, linguistic, and cultural diversity. National unity is further complicated by the rugged terrain which inhibits communication and transportation. (U)

Settled centuries ago by people from India to the south and from Tibet to the north, Nepal's two major ethnic groups became further divided over the centuries into numerous subgroups. In recent years there has been a large-scale movement of Indians into southern Nepal, giving the area, known as the Terai, a potentially troublesome minority with strong cultural—and at times political—ties with India. (U)

For hundreds of years, the area now called Nepal consisted of a number of small, isolated principalities, each nestled in a valley of the Himalayas. In the mid-18th century, the first king subjugated most of these fiefdoms by force and established his capital in the Kathmandu valley. Even before the establishment of the monarchy, the clans of the Kathmandu valley had dominated the political life of the entire area—a domination resented then and now in the more heavily populated areas of the Terai and western Nepal. (U)

Although discrimination on the basis of caste is prohibited, attitudes and relationships implicit in the imported Indian caste system persist. Nepalese society is further stratified by economic status. Most rural Nepalese own little or no land—the basis of wealth in Nepal—but pay up to 50 percent of their crops as rent to urban landlords. The socially and economically disadvantaged—although increasingly discontented—are still bound to the established system by religious ties. Nearly 88 percent of the population is Hindu, and many Nepalis, particularly in the rural areas, still worship the King as the incarnation of the Hindu god, Vishnu. (U)

Despite its importance as a religious and unifying symbol, the Nepalese monarchy has not always exercised supreme power. The monarch was a figurehead for over a century, while the country was ruled in isolation from the world by a family of hereditary prime ministers, the Ranas. King Birendra's grandfather, allied with progressive politicians and with Indian support, regained control of the government in 1951. The Rana family, most of whose members now tend to be advocates of the status quo, continues to wield considerable influence. Most of the Army's senior officers are Ranas, and the King and his two younger brothers are married to Rana sisters. (U)

The country experimented briefly with parliamentary democracy in 1959: the Nepali Congress Party (NCP), a democratic socialist party then influenced by the Indian Congress Party, easily won a large majority of the seats in the new parliament, and B. P. Koirala became Prime Minister. Less than a year later, charging that the experiment had failed because of party factionalism and infighting, King Mahendra, the present King's father, dissolved the parliament and jailed most of the leading politicians. In place of the parliament, Mahendra created "partyless democracy"—a tier of four councils, or panchayats, of which only the lowest level, or village panchayat, is popularly elected. (U)

There have been no significant changes in the panchayat system since King Birendra took power upon his father's death in 1972. In effect, the panchayat system is a rubber stamp. All representatives to the higher councils are elected by the members of the lower groups or are appointed by the King. The King also appoints the prime minister and all Cabinet members. Political parties are officially banned, and criticism of the royal family is prohibited. (C)



B. P. Koirala, leader of the banned  
Nepali Congress party

Unclassified ©

By early April 1979, lack of movement toward a more liberal political system, increasing government repression of the banned political parties, corruption and inefficiency in government, and frustrations over deficiencies in the educational system led students in Kathmandu to launch demonstrations and strikes that quickly won nationwide public sympathy and the support of disaffected workers and peasants. In the south and east, radical political groups and separatists took advantage of the ensuing turmoil to launch their own antigovernment campaigns. (C)

Following a violent demonstration in Kathmandu on 23 May, in which students set fire to several government buildings and Army troops were called in to augment police forces, King Birendra suddenly capitulated to his opponents. He announced a national referendum to determine the future government of Nepal—giving the public a choice between the existing panchayat system with some reforms but with a continued ban on political parties, or a multiparty

system of unspecified nature. Birendra's concessions have defused the crisis for the moment, but whether the stabilization is permanent or temporary will depend largely on the willingness and ability of the 33-year-old monarch to conduct the impartial referendum he has promised. (C)

#### *The King and the Palace Guard*

Despite the outward appearance of being an absolute monarch, King Birendra makes few decisions by himself. What little is known of the decisionmaking process in Nepal indicates that most members of the royal family—[REDACTED] participate in a type of royal council where major state decisions are made by consensus. Most members of the palace entourage—that is, the royal family plus a plethora of civilian and military advisers and retainers—support the current panchayat system and see no need for reforms that will expand participation in the government and dilute their influence. (S NF NC OC)

25X6

25X6

Birendra himself may be one of the most insistent voices in the palace arguing for moderation and reform. Some observers—[REDACTED] believe that the King's Western education (he studied in England, Japan, Israel, and the United States) gives him a more liberal outlook. [REDACTED]

25X1X

25X6  
25X6



Secret

25X6



King Birendra

Unclassified ©

### *The Politicians and Parties*

Political actors in Nepal generally fit into four categories. The hardliners support continued rule by the King and the palace and oppose any significant change in the present panchayat system. Perhaps to free himself even further from his political chores, Birendra in 1975 placed the panchayat system under the Back-to-the-Village National Campaign (BVNC). Originally created by King Mahendra to mobilize support for the government's programs and neutralize the influence of the banned political parties in the rural areas, the BVNC quickly became a surrogate political party for the system. With the assistance of local police, the BVNC has been responsible for demonstrations against opposition political leaders and attacks on members of the banned parties. The BVNC has also tried to prevent political party members from being elected to any panchayat level by controlling the nominating process. The government-sponsored National Student Union, or Rastrabadi, performs essentially the same political functions on the university campuses throughout the country. (C)

Birendra's decision in late May to disband both groups will remove a major source of support for the panchayat system, as well as a major source of opposition grievances. Hardliners, in addition to the palace retinue, senior military officers, BVNC and Rastrabadi members, include the last two Prime Ministers, and most of the ministers in the recently dissolved Cabinet. Even one pro-Soviet faction of the Nepal Communist Party has long supported the status quo and has worked within the system to gain influence with peasant and worker groups and to undercut other political parties, particularly B. P. Koirala's Nep. (C)

The reformers want to retain the partyless character of the panchayat system and the supremacy of the monarch, but advocate certain reforms—such as the direct election of representatives to the National Panchayat and the selection of the prime minister by that body—to make the system more responsive to the populace. Many of the reformers are former members of the banned parties who have accepted positions in the government or panchayats in return for a declara-

Secret

tion of support for the system. B. P. Koirala's half brother is one of the most prominent reformers, as is Prime Minister S. B. Thapa, who was selected by the National Panchayat following the King's dissolution of the previous government. (C)

A loose alliance of senior reformers quickly emerged to take advantage of Birendra's concessions to his opponents. They orchestrated the National Panchayat's selection of just one candidate—Thapa—to fill the prime minister's post, thereby displaying their new solidarity as well as limiting the King's power to choose from among several nominees. Thapa then reportedly chose the Cabinet in consultation with other reformers—expressly omitting candidates backed by the King. Thapa has long felt that the King should exercise power indirectly and through a government of national unity. [REDACTED] the senior reformers intend to organize a moderate, nationalist party to campaign for the preservation of the panchayat system, albeit with improvements. The new party would, however, serve as their political vehicle should the referendum result in a multiparty system. (S NF NC OC)

The democrats—a loose category comprising members of various political parties that include some Communists—are most notably represented by B. P. Koirala. He has spent his adult life in and out of jail and in and out of exile seeking a democratic government under a limited monarchy. Although we do not have information on the strength or ultimate goals of all the various parties that can be categorized as democratic, B. P. Koirala's NCP appears to be by far the largest, best organized, and most influential. Most of the other banned parties have usually supported Koirala's position in his frequent confrontations with the monarchy. The majority of the students responsible for the recent demonstrations probably are associated with the NCP. (C)

Within the NCP, as well as among the general category of democrats, there are differences on how to end the panchayat system most quickly; some leaders argue that only violent confrontation with the palace and the hardliners, not reconciliation, will bring about democracy. Some NCP leaders, apparently without B. P.

Koirala's approval, have been organizing a mass movement since last year. For the moment, B. P. Koirala's staunch advocacy of nonviolence has been vindicated by the monarch's sweeping concessions, and he seems likely to retain the support of most of the democrats. If the King holds to his promises, if the ensuing referendum is perceived to be fair, and if B. P. Koirala is successful in persuading his followers to end the disruptions, Koirala's moderate approach and widespread popularity would boost him into a position of preeminence in any new political system. (C)

The small but vocal minority of radicals and separatists responsible for much of the violence of the past two months, particularly in southern and eastern Nepal, may not be willing to await the outcome of the referendum. The Naxalities, an even smaller group of anarchists within the radical faction, probably will continue their attempts to oust the monarchy just as they have for more than a decade. If King Birendra's decision to let a referendum decide Nepal's political future succeeds in restoring stability, however, the beleaguered security forces will be free once again to suppress the Naxalites and other extremists. Some radical leaders such as B. P. Koirala's younger brother, G. P. Koirala, fluctuate between supporting reconciliation and advocating violent attacks on the regime. G. P. Koirala's faction, [REDACTED] probably was responsible for some of the recent violent incidents in the often volatile border area. There is some evidence that G. P. Koirala encouraged the student agitators, but that he may now be content to accept his brother's leadership and wait for the outcome of the referendum. (C)

#### *Recent Events*

Sporadic demonstrations and occasional violence have been part of the Nepalese political scene for many years, but the sustained unrest of the past two months, ultimately involving nearly all segments of Nepalese society, had been building since late last year. A student demonstration in Kathmandu last December honoring human rights day occurred at the same time that major scandals involving at least four Cabinet ministers and as many as 60 government officials were

25X1C

25X6

Secret

being revealed. The government responded by doubling its efforts to undercut the influence of its critics. A breakaway faction of 58 NCP members was wooed into agreeing to support the monarchy and the panchayat system, and BVNC and Rastrabadi members stepped up their vocal and occasionally physical attacks on NCP leaders and members. (C)

Pro-Soviet politicians, claiming B. P. Koirala was a tool of a "US-China axis" that was attempting to take control of Nepal, joined the government's attempts to limit NCP influence. A pro-Soviet Communist Party member was appointed last fall to the chairmanship of the BVNC Central Committee. At least some pro-Soviet students, probably belonging to another Communist Party faction, participated in the demonstrations and strikes of April and May.

[REDACTED] we have no evidence of direct Soviet involvement, either in the demonstrations or in attempts to influence the government's reaction. (S NF NC OC)

Despite BVNC attempts to prevent members of the banned political parties from being elected to the panchayats, as many as half the members of some village panchayats may have been NCP sympathizers. In late December, the government reduced the number of village panchayats by one-fourth, subordinating those panchayats where opposition party members had been elected in significant numbers to those that supported the government. (U)

In January a series of incidents in southern Nepal resulted in clashes between peasants allied with NCP members and landlords backed by the police. At least two demonstrators were killed. Later in the month students and police clashed in a neighboring district. Hardliners in the palace apparently prevailed upon King Birendra to show firmness in the face of this unrest, and on 9 February the government executed two NCP activists who had been convicted on charges of treason and terrorism four years earlier. The executions—the first in over 15 years—shocked politically aware Nepalese and were followed by immediate denunciations by both supporters and opponents of the government. In a preview of things to come, students and faculty members at the university staged a one-

day strike to protest the executions. B. P. Koirala denounced the executions as a setback to the process of reconciliation. (C)

Demonstrations against B. P. Koirala when he returned to Nepal following medical treatment in the United States were obviously orchestrated by BVNC leaders and led to the injury of several NCP members in early March. As the tension between party members and the government continued to mount, the split within the NCP over tactics became public, with one senior NCP leader openly advocating a mass movement against the government. Student NCP members, frustrated by the inaction of their leaders, apparently decided to provoke a confrontation with the government. It is unclear whether or not B. P. Koirala gave his tacit approval to the ensuing upheaval, but students began demonstrations and strikes in early April and were quickly joined by other segments of the population. The primary targets of the initial violence were both Rastrabadi and BVNC members and the police, but where radicals became involved, particularly in southern and eastern Nepal, the ultimate goal became unseating the monarchy. (C)

Birendra's initial reaction to the unrest was indecision—fluctuating between repression and conciliation depending upon who had his ear. Palace hardliners apparently convinced the King in late April that B. P. Koirala and other leaders of the banned political parties were responsible for the violence. About 30 opposition politicians were jailed, and B. P. Koirala was placed under house arrest. When more moderate advice prevailed about 10 days later, all those arrested were released. After adopting a policy of harsh police repression through the first weeks of the demonstrations, the King suddenly offered concessions that included sacking the Minister of Education and forming a commission to investigate student grievances. When the students dismissed the concessions as inadequate, the government announced that troublemakers would again be arrested. (C)

Although B. P. Koirala has claimed on several occasions that he opposed the demonstrations and violence, he may have viewed them as an opportunity

25X1C

25X1C to eliminate some political rivals. [REDACTED]

recent weeks, B. P. Koirala and other NCP leaders have repeatedly urged an end to the remaining strikes and demonstrations in preparation for the referendum. (U)

#### *Iran in Miniature?*

It is tempting to overemphasize the similarities between Nepal and prerevolutionary Iran: monarchs, hoping to develop their backward nations but refusing to share virtually absolute power, faced with widespread unrest as the result of political repression, economic inequalities, corruption in high places, and minorities alleging discrimination. The differences, however, are more important. King Birendra is the head of the Hindu religion in Nepal as well as the secular monarch. Despite the strains his development projects have caused and the repression of dissent he has condoned, he is not despised by his opponents, most of whom recognize the value of the monarchy as a unifying force in a country divided both geographically and ethnically. There is no large foreign presence in Nepal upon which popular discontent can center.

25X1C Shortly thereafter the student movement ousted both the pro-Soviet and pro-Chinese leaders of the committee for their part in accepting the government's initial educational concessions and calling off the strike. Acharya apparently became the sole effective leader of the movement. B. P. Koirala has often been approached by both pro-Beijing and pro-Soviet Communist Party leaders hoping to ally their parties with the NCP, but has rejected such an alliance on each occasion. (S NF NC OC)

#### *The Outcome*

25X1C By late May, the King's options were limited. By official count the violence had claimed 23 lives and resulted in hundreds of injuries, but the death toll was probably much higher. Repression had led to more violence, and, as a police strike was narrowly averted, the continued loyalty of the police may have been in doubt. [REDACTED]

25X6 Perhaps most significantly, there has been neither the sudden vast increase in wealth nor the socio-economic dislocations associated with rapid development. Although the hydroelectric power potential from Nepal's rivers is considered one of the greatest in the world, realization of that potential is decades away. (C)

#### *The Outlook*

Violence has subsided in Nepal since the King's announcement of the referendum. Thus far, Birendra seems committed to holding the vote, although he reportedly is under intense pressure from some of his family to abandon the project, dissolve the present caretaker government, and assume direct rule. Some opposition politicians, but not B. P. Koirala, also are urging the King to disband the present government and the panchayat system and rule directly in order to ensure a fair referendum. [REDACTED]

Calling the King's decision an example of supreme statesmanship, B. P. Koirala immediately pledged to support the referendum and invited other political parties to do likewise. He further acknowledged that the NCP would devote its energies to educating the Nepalese people regarding the benefits of democratic government—a task that will be much easier now that the BVNC and Rastrabadi have been disbanded. In

25X1C

25X1C

Secret

25X1C

25X1C

The King may fear that the referendum would lead to renewed violence. Hardliners have held political sway in Nepal for over 18 years and the increased activities of the political parties may be met with harassment—including violence—by supporters of the status quo. Even if the prereferendum campaigning is relatively peaceful, the voting itself may be a cause for unrest. The Army was used with relative success to oversee elections in 1959—the last time political parties competed for seats in Nepal—but the nationwide panchayat system, whose members will try to influence the vote, did not exist at that time. Violence could also flare again if either the referendum is perceived as rigged, or if radicals interpret Birendra's concessions as a sign of weakness and renew their attempts to overthrow the monarchy. (S)

Nepal has treaties of friendship with both its neighbors, but the treaty with India provides for mutual assistance in the event of aggression. Should violence recur and lead to more severe instability, Delhi might feel compelled to send troops, at least into the districts bordering India. If instability led to a pro-Chinese government in Kathmandu—a remote possibility at this juncture—India almost certainly would intervene.

25X1C

If the referendum is fair, the vote probably will be overwhelmingly in favor of a return to multiparty politics. Unless the reformers are able to organize a viable and popular political party quickly, the NCP is likely to be the victor in any subsequent election—except in southern and eastern Nepal where radicals may command more support. It is unclear what type of government will emerge, however.

Finally, even if the referendum yields a more democratic government, it may be no more competent in dealing with Nepal's often intractable problems—poverty, geographic limitations on transportation and communication, and virtually feudal social and ownership systems—than “partyless democracy” has been. Instability, based as much on economic as political factors, may well become more pervasive as the government—whatever its composition—attempts to bring Nepal into the 20th century. (C)

25X1C

25X1C

there is some question as to what democracy means to the young monarch. He seems willing to accept the concept of multiparty government, but rejects the limits on his power that a democratic system would necessitate. Like his father, King Birendra distrusts B. P. Koirala and might refuse to accept him as prime minister should the NCP emerge victorious in some future legislative body. B. P. Koirala has long maintained that the return to democracy should be gradual with the reinstitution of party politics coming first, but violence beyond B. P. Koirala's control could erupt again if Birendra refuses to share power with the parties. (S NF NC OC)

Nepal is a moderately pro-US voice in most nonaligned and third world forums, but, otherwise, has little political, economic or strategic value for the West. Wedged between the giants of Asia, however, the country is important as a buffer state to both India and China. India has traditionally had a vested interest in maintaining stability on the subcontinent, but beyond

**Sources of Copyrighted Photographs**

Page 2: *Sunday*, January 1979

Page 3: Wide World Photographs

**Secret**

**Approved For Release 2002/01/03 : CIA-RDP80T00942A001100110001-0**

**Secret**

**Approved For Release 2002/01/03 : CIA-RDP80T00942A001100110001-0**

STATINTL

**Next 24 Page(s) In Document Exempt**